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May 18, 2009

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AZ CORP COMMISSION
DOCKET CONTROL

Docket Control

Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Arizona Corporation Commission

DOCKETED

MAY 21 2009

DOCKETED BY

RE: Arizona Public Service Company's Schedule EPR-6
Docket No. E-01345A-09-0012

The Solar Alliance would like to take this opportunity to address the Arizona Corporation Commission with regard to Arizona Public Service Company's (APS) proposed Net Metering Rate Schedule EPR-6.

The Commission's net metering rules are currently some of the best in the country. APS's proposed implementation of these rules is commendable. The availability of net metering to customers in Arizona has helped promote the widespread deployment of distributed generation renewable resources and has accordingly benefited the entire utility grid. The Alliance believes that these benefits outweigh any costs associated with net metering, as demonstrated by the RW Beck analysis.

The proposed Schedule EPR-6 would make several welcomed improvements to APS's current net metering rider, EPR-5. Under EPR-5, customers who have accumulated excess generation credits at the end of the year are not compensated at all. The proposed Schedule EPR-6 would compensate them at APS's avoided cost at the end of each calendar year. EPR-6 also departs from the previous rider by no longer excluding customers based on the size of generator or total program MW. Both of these changes represent major steps forward in improving APS's implementation of the Commission's net metering rules.

While it generally supports EPR-6, the Alliance has concerns about two aspects of APS's proposal. Under the current net metering rider, some commercial customers are subject to an additional rider, SC-S. This rider forces net metered commercial customers with solar systems over 100kW to pay stand-by delivery charges. This severely undercuts the Commission's net metering rules. The proposed Schedule EPR-6 does not include stand-by delivery charges, and the new cap of 125% of total connected load seems to imply that EPR-6 would replace the SC-S rider in the same way that it replaces EPR-5. The Alliance would like to see this

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made more explicit in order to assure that no commercial customers are also subject to the SC-S rider.

Second, the Alliance maintains (and the RW Beck study supports) that any "unrecovered fix costs" associated with net metering are more than compensated by the benefits of distributed generation to the grid. However, if the Commission sees fit to grant the recovery of certain net metering costs, then APS's proposal to do so through the next general rate case, where all parties can scrutinize such claimed costs, is appropriate.

The prospect of additional charges for net metered customers—or even the uncertainty of potential future additional charges—would severely depress the distributed generation market and would inhibit compliance with the RES. The absence of stand-by delivery charges in the proposed EPR-6 Rate Schedule is thus commendable from the Alliance's perspective.

It should be noted that, in a broad sense, the Commission has already decided that the benefits of distributed generation outweigh the costs—that is why the Commission wisely adopted the Renewable Energy Standard and Tariff in the first place, and included specific distributed generation requirements.

The Alliance member company's look forward to working with APS to responsibly install a growing number of net metered solar facilities.

Respectfully Submitted,



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Solar Alliance State Lead

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